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# **Does ethics in leadership and organisational culture affect organisational performance?**

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I hereby declare that the work submitted is mine and that where I have made use of another's work; I have attributed the source(s) according to the Regulations set in the Student's Handbook.

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## **Abstract**

This Business Project was written as part of the Executive MBA at the International Hellenic University.

In identifying whether ethical leadership and ethical organisational culture have a positive influence on employee and organisational outcomes, the present study has set out to explore, how these elements of corporate life influence employee well being and long term organisational performance, in times of economic crisis. Drawing on previous empirical research of the business ethics literature, we surveyed 127 Greek working professionals from various sectors and industries. By means of quantitative research we investigated and confirmed both hypotheses that were set. The empirical findings of the study were further discussed in the context of the theoretical framework of ethical leadership, ethical culture, organisational commitment and overall firm performance. Specific theoretical and practical implications, as well as recommendations for future research were offered.

Keywords: ethical leadership, ethical culture, organisational commitment, organisational performance

Evangelia Konstantellou

Date: 18/03/2016



## **Preface**

My personal interest for carrying out a research on ethical aspects of organisational life stems from an increasing concern that the fate of organisations and society in general is doomed if ethics does not have an important role to play in everyday human interaction and behaviour. Taken that organisations are a miniature of society, I strongly believe that ethical decisions and behaviour should guide us through our professional lives. In this way, we set the foundations for a fair organisational environment that enhances individuals' well being but that also promotes firms' objectives. From the professional experience I've had so far, these are not mutual exclusive. On the contrary, long term success and viability can be achieved only if we balance our decisions and behaviour according to the basic underlying values of organised societies. It is in this case that I believe the ancient Greek maxim "all in good measure" is more relevant than ever.

For this work to be completed I was offered generous support and understanding from the University's administrative and academic staff, regarding the various unfortunate extenuating circumstances. I would really like to express my appreciation for that. I would also like to thank my Supervisor, Professor Vangelis Souitaris, for his valuable insight and guidance, excellent cooperation and encouragement. Furthermore, I would like to express my appreciation to the 'Alexopoulos foundation" for the honour to grant me with a scholarship for attending this programme. Finally, I wish to thank my family for all the support, patience and understanding throughout these last two years of the course, and especially my loving husband and my two amazing sons to whom I dedicate this work.

Evangelia Konstantellou, Larissa, 18<sup>th</sup> of March 2016





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## Introduction

Workplace ethics is a topic that has become increasingly relevant and popular in research. Emerging empirical evidence consistently confirms the association between ethical behaviour/conduct in organisations with positive individual outcomes which in turn lead to more profitable and sustainable organisations (Chun et al., 2013; Jin, Drozdenko & Deloughy, 2013). Taken from this perspective, that is a micro view of the organisational life, there are a lot of parameters to be examined and complex relationships to be described and explained in order to reach a better understanding of how ethical behaviour and practices can influence the corporate environment and overall firm performance.

Two of the most critical elements of forming the internal organisational environment and influencing individual behaviours together with setting the foundation for everyday workplace practices, are leadership and organisational culture. Both of these factors have preoccupied a lot of research in organisational behaviour, organisational psychology and management fields, since they can be considered as important indicators of the success or failure of an organisation. This explains why firms invest considerable amount of money in headhunting and retaining top management executives, undertaking culture change campaigns, sponsoring the business education of promising executives as well as forming and communicating vision, mission and value statements that aim to align organisational members with the organisational strategy and culture.

Regardless of the attention that research on leadership and organisational culture has attracted, the same cannot be said for the ethical aspect of culture and leadership. However, well publicised ethical lapses of companies such as Enron and World Com as well as the most recently revealed corporate scandal in the automotive industry -the Volkswagen cheating on emission testing of diesel vehicles- have uncovered the issue of businesses' unethical conduct in favour of profit and have therefore "fired up" discussions about corporate ethics, ethical leadership and the like. What's more the growing interest of global organisations to undertake social responsible actions regarding the environment and other initiatives that aim to "give

back to society”, as part of their strategy for sustainability, highlight the importance of ethics in today’s corporate settings.

Within this context, the current study will investigate the impact ethical leadership and ethical corporate culture have in the overall performance of organisations, since it is hypothesised that both ethical leadership and culture are strongly correlated with employees’ organisational commitment. The research findings will offer literature with further empirical evidence on the research topic from a Greek working population sample. That is to say that it might be of particular importance to examine whether evidence on the abovementioned relationships can be replicated in the organisational and business environment of a country that is undergoing a major financial crisis. If ethical behaviours and practises are proved to be of high importance for the organisational commitment of people in times of serious economical difficulties, when a climate of insecurity prevails, one might argue that the cultivation of an ethical culture and ethical leadership behaviour may become a crucial element of the organisations’ survival. Such assumptions are critical for guiding the decisions and strategy followed by leadership and human resource management practitioners of firms, as well as for the adjustment of training and business education programmes that aim at reinforcing employee commitment and outcomes.

The study is organised in five chapters. It begins with the “Literature review”, where the theory and empirical research for the topics of ethical leadership and organisational culture as well as their relationship with organisational commitment are presented, followed by the outline of the research objectives. The “Method” section continues with an analytical description of the research methodology used to conduct the present study together with the specific measures employed. In the “Results” chapter that follows, the statistical analysis results are reported, shortly interpreted and presented in respective tables. Afterwards, the “Discussion” chapter further interprets and links the research findings with the theory presented in the literature review. Finally, the “Conclusions” section offers a brief summary of the project and its main findings, while pointing out the most important limitations as well as authors’ suggestions for future research on the relevant field.

## Literature Review

The first chapter will lay out most of the research and theory that is relevant to our topic, focusing more on empirical evidence that will provide a frame of reference to the hypotheses we set out to test.

### ***Ethical Leadership***

A growing body of research has begun to investigate a more specific dimension of leadership that relates to the leaders' ethical behaviour. Although several leadership theories such as transformational and charismatic leadership (Bass and Steidlmeier, 1999), servant leadership (Greenleaf, 1970), authentic leadership (Gardner et al., 2005, Ilies et al., 2005) touch upon the issue of leaders' morality, among other characteristics, research specifically focused on ethical leadership has been trying to explicitly identify characteristics and actions that would make a leader be perceived as ethical. The importance of identifying those attributes lies in the fact that leaders have been seen to affect both individual and group/organisational performance (Ilies et al., 2007).

Having the social learning theory of Bandura (1986) as a conceptual basis, Brown et al. (2005, pp.120) defined ethical leadership as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement and, decision-making", putting forward the importance of role modelling in ethical leadership. According to the social learning theory, learning can happen both by direct experiences but also by observing experiences that others have, in terms of behaviours that lead to certain circumstances. Virtues like honesty and trustworthiness, fair decisions and actions, as well as care for the followers, are some of the basic components of a legitimate and credible role model of an ethical leader (Brown et al., 2005).

By means of *appropriate conduct*, the authors suggest that perceived ethical leadership is context and culture dependent, while *communication* and articulation of what constitutes an ethical act is needed. In other words, it is not enough for the

leader to act as a role model, without simultaneously communicating to its followers what is considered to be right or wrong. Consequently, such leadership requires both leaders listening to what followers have to say, as well as explaining and describing ethical behaviour. To successfully get the message across followers, leaders use *reinforcement* that is rewards or discipline to implement specific standards set. Finally, decision-making of ethical leaders refers to a process of prior consideration of the ethical consequences of their decisions, which are primarily based on principled and fair choices that adherents can embrace and adopt (Bass & Avolio, 2000; Burns, 1978; Howell & Avolio, 1992).

Leaders acting as role models, is a view that relates to Aristotle's teaching (Gini 1998, p. 29), who argued that "the spirit of morality is awakened in the individual only through the witness and conduct of a moral person". In line with that, Aronson (2001) referred to leaders' obligation of becoming a moral example for their followers, while ensuring that corporate activities would not constantly strive for profits irrespective of the negative effects some of such activities could have to society. Other researchers such as Ciulla (2004) examined ethical leadership in terms of the social power that the leaders hold, suggesting that when followers' rights and dignity are respected, ethical leadership is in place.

Further research for identifying specific values of ethical leaders found that honesty, integrity, concern for others, encouragement and fairness are present in such leaders (e.g., Reave, 2005; Resick, Hanges, Dickson, & Mitchelson, 2006; Russell, 2001), together with the intention to protect the rights and dignity of others and consistently engage in altruistic driven actions (e.g., Bass & Steidlmeier, 1999; Kanungo, 2001). Another critical task that ethical leaders are engaged to is supporting their followers to develop their ethical awareness and self-actualisation (Zhu et al., 2004). As Khuntia and Suar (2004) suggested, the components of ethical leadership should include empowering and motivating subordinates, as well as character building, while De Hoogh and Den Hartog (2008) proposed two additional dimensions, namely role clarification and power sharing. Other authors concluded that ethical leadership was positively related to trust (Caldwell et al. 2010) negatively associated with abusive supervision, while no relation was found to demographic similarity between leader and subordinate (Brown et al. 2005; Khuong et al., 2015).

Following the Brown et al. (2005) approach to ethical leadership, the Ethical Leadership Scale will be used as a part of the construct of the current empirical research.

### ***Organisational Commitment***

Organisational commitment of employees has for long been considered as an important factor of the long term success and continuity of an organisation. Despite the fact that there is no evidence to support a clear relationship between individual organisational commitment attitude and individual employee performance, the evidence in favour of the importance of organisational commitment derives from the strong relationship between the employee organisational commitment and the overall performance of the organisation (Adams, 1965; Evans, 1977 as cited in Ponnu & Tennakoon, 2009). According to Buchanan's (1974) definition, organizational commitment is the emotional commitment to achieve the organizational objectives. Wiener (1982) on the other hand defined it as "the aggregate internalized normative demands to perform in a manner which meets organizational objectives and interests". Kitchard and Strawser (2001) argued that satisfied employees develop high affective commitment for their organisation. Marthis and Jackson (2000) on the other hand, defined employee commitment as the extent to which employees stay with a firm and consider organizational objectives seriously. Lastly, Mowday et al. (1979) describes organisational commitment as the identification and involvement of individuals in a particular organisation.

The two most well known models for exploring organisational commitment are the "Three Dimensional Organizational Commitment Model" of Meyer and Allen (1991) and the "Organizational Commitment Model" of Mowday et al. (1979). Looking at the first model, three dimensions are proposed to account for organisational commitment; the first being the affective commitment (emotional attachment to the job); the second, continuance commitment (keeping the job out of fear from losing relative benefits, such as salary, status etc); and the third being the normative commitment (employees' ethical obligation towards the organisation) (Cohen, 2007).

The Mowday and associates (1979) Model on the other hand proposes that organisational commitment can be achieved and maintained when three conditions are in place; when a) individuals show strong acceptance of the goals and the values of the organisation, b) employees engage in extra, voluntarily, effort for the benefit of the business, as well as when c) they show strong desire for continuing to be members of the specific organisation. A critical organisational factor for influencing employees' commitment, as Mowday suggests, is peoples' supervision (Ponnu & Tennakoon, 2009). On the basis of this model, an organisational commitment scale has been developed, measuring the behavioural and attitudinal aspects of organisational commitment. Adopting the approach of Mowday et al., the current study will also include the Organisational Commitment Model's scale in its survey questionnaire.

### ***Ethical Leadership and Organisational Commitment***

In examining the relationship between ethical leadership and organisational commitment some studies have suggested that high levels of perceived ethical leadership behaviour is related to higher levels of employee organisational commitment (Bello, 2012; Mize, 2000 cited in Zhu et al, 2004). Another research conducted by Ponnu & Tennakoon (2009) found a positive relationship on the effect that the leaders' ethical conduct has on followers' organisational commitment. Other important outcomes that employee commitment is linked with are improved quality of products, enhanced customer loyalty (Maignan et al., 1999), and lower costs due to a decrease in employee turnover (Meyer et al., 2002). As Maignan et al. (1999) proposes there is a positive relationship between corporate citizenship- in terms of economic, legal, ethical, and discretionary activities- and employee commitment to the organisation. On the other hand, when ethical compliance in an organisation decreases, employee organisational commitment is expected to follow the same pattern with the product quality dropping, customers being less satisfied and employee turnover levels increasing.

Moreover, another study by Herrbach et al. (2009), has empirically examined and found support for the direct effect that the ethical values of the employer have to organisational commitment, job satisfaction, and employee behaviour and turnover



intentions. As Khuong and Nhu (2015) argue, since leaders' behaviour is always perceived as being representative of the "behaviour" of the organisation as a whole, employees' loyalty, morale and commitment can be strongly affected. Further empirical research suggests that ethical leadership can promote employee well-being, while preventing employees' unethical behaviours such as employee organisational deviance, misconduct and bullying (Avey, Palanski, & Walumbwa, 2011; Mayer et al., 2009; Mayer et al., in press; Mayer, Kuenzi, & Greenbaum, 2011; Stouten, Baillien, Van den Broeck, Camps, De Witte, & Wuwema, 2011).

In line with these findings, research conducted by Chun et al. (2013) linked ethical practises of an organisation to its bottom line profits. Hence, it was suggested that collective organisational commitment and organisational citizenship behaviours adopted by employees can contribute to the organisations' performance. Taking it a step further, Buchanan (1974) reasoned that employee organisational commitment may motivate employees' concern for the well being of an organisation in the absence of ownership. As evident in the research of other scholars (Hosmer, 1994; Jones, 1995 cited in Berrone et al., 2007), ethical practises are good for business since they generate positive externalities such as trust and commitment to all stakeholders (both internal and external). This in turn ensures the long-term sustainability and performance of business.

Given the extent that the issue of leaders' ethical behaviour has taken due to the various corporate examples of top managers' misconduct at the expense of their companies, scholars have been extensively examining various aspects of the relationships between ethical leadership and employee outcomes that affect organisational performance (Eisenbeiss, Knippenberg & Fahrback, 2015; Ponnu & Tennakoon, 2009). One such study from Viteel and Singhapakdi (2008) found that job satisfaction and organisational commitment are positively related to clear demonstration of managers' ethical behaviour, therefore suggesting that the confidence of working in a fair environment can enhance employees' adherence to leaders and to the business itself (Schwepker, 2001; Deconinck, 2010).

Based on the literature discussed so far, the current study aims to empirically examine the relationship between ethical leadership and organisational commitment,

in the context of the Greek business reality, of a country that is undergoing a prolonged economic recession.

### ***Ethical Organisational Culture***

Organisational culture is very important cultivating ethical behaviour and practices in people within working environments (Eisenbeiss et al. 2015). As it happens in every living system that is “governed” by certain rules and practises (e.g. families, communities and other entities), organisations always form a unique environment in terms of formal and informal rules and behaviours that often become the frame of reference to all of its members. This is often referred to as the organisational climate or culture of a firm, terms that are often used interchangeably only to describe what Giberson et al (2009) defined as *“a collective phenomenon emerging from members’ beliefs and social interactions, containing shared values, mutual understandings, patterns of beliefs, and behaviours that tie individuals in an organisation together over time”* (p. 123). Similarly, according to Sackman (1992) the basis of organisational culture is the shared beliefs, values, and perspectives, while Key (1999) defined it as an informal system that includes both the set of shared beliefs, norms, but also practices of people within an organisation.

Organisational ethical culture, as perceived by Huhtala et al. (2011), relates to the principles of what is considered right or wrong within a firms’ environment. In this respect, ethical or unethical culture can also explain or predict unethical or ethical behaviour displayed by organisational members. In line with this approach, research on unethical organisational climates (Victor & Cullen, 1988) and unethical cultures (Treviño, Butterfield, and McCabe, 1998) have supported that such climates/cultures “reinforce” corrupt behaviour by making appear those practices more legitimate. In other words, when being a member of a specific organisation and fulfilling this role is an important priority of individuals, there might be the case that even highly ethical people are encouraged to make unethical choices, only to support their role (Brief, Buttram, & Dukerich, 2001; Gellerman, 1986 as cited in Ashforth et. al, 2008).

Although there is much literature on organisational culture to date, we still lack a more comprehensive understanding of ethical culture (Huhtala et al., 2011). A few

only researchers have worked on producing a valid instrument for measuring ethical culture of organisations. One of those was Kaptein (2009) who described organisational ethical culture as “the informal control system of an organisation” (Kaptein 2009, p.p. 262) that consists of common values, beliefs, and traditions among individuals. According to his conceptual model, on the basis of which he has developed the Corporate Ethical Virtues model” (Kaptein 1998, 1999), ethical culture involves a number of elements, such as *clarity* (as to the specific ethical practices expected), *feasibility* (in terms of having all necessary resources), *supportability* (as to whether ethical commitment is encouraged), *transparency* (in terms of having access to learn about the consequences of ethical and unethical conduct), *discussability* (referring to the opportunity to express ethical dilemmas), *sanctionability* (with respect to how employees view reward of ethical conducts and punishment for unethical practises) and *congruency* (referring to consistency), *of management* and *supervisors*; all these virtues are of importance in creating an organisational environment where ethics are introduced into the attitudes and behaviours of individuals.

Treviño (1998) viewed ethical culture as the part of organisational culture that creates the systems and conditions for promoting either ethical or unethical behaviour. Based on his previous theoretical work (Treviño, 1990), he developed a broader, one-dimensional measure of ethical culture, which was later refined by Key (1999). This scale was measuring elements such as peer behaviour, norms, rewards or punishments for unethical behaviour, leadership acting as a role model for ethical behaviour and employees’ reporting of unethical conduct. Nevertheless, as Key (1999) argues, organisational ethical culture is quite abstract as a concept, thus such a questionnaire measures mainly self-reported perceptions about ethical aspects of an organisation, rather the actual organisation’s ethical aspects. The shorter version of the specific (9-item) scale is incorporated to the current study in search for evidence as to whether perceived ethical culture is anyhow related with employee commitment and/or the existence of ethical leadership within a specific organisation.

### ***Organisational Ethical Culture and Organisational Commitment***

Organisational culture is often referred to as the “social glue” that is formally and informally guiding all members of a firm towards a common direction. Given that ethical culture is mainly touching upon informal cues of how members of an organisation should behave (Key, 1999), it is quite reasonable to expect that the more evident the ethical culture is, the more individuals will align with the values of their organisational environment. Indeed, research has found that employees’ organisational commitment is influenced by ethical culture (Treviño et al., 1998). A study conducted by Ampofo et al., (2004) in 100 accounting professionals clearly supports that organisational ethical culture can “shape” the behavioural intentions of individuals. Other research looking at ethics codes (Weaver, 1995) supports that when an organisation adheres to both ethical and legal standards, its employees’ think of the internal policies and procedures as being fair.

Taken from the collective social exchange perspective, Gong et al. (2010) suggests that when an organisation endorses internal ethics, a climate of fairness and justice emerges that further promotes employees’ organisational commitment. In the same way, when an organisational climate is supportive (Kaptein 2008, 2011), in terms of employees and managers being both treated fairly, relationships of trust develop resulting in enhanced commitment and reduced risk of unethical practises to occur. Further empirical evidence from a study conducted in 1246 employees in the marketing and advertising field (Hunt et al. 1989) support that higher corporate ethical values are related to higher levels of organisational commitment. Sharma et al. (2009) in their research suggested that corporate ethical values were positively associated with better commitment and performance, pointing out though that when fairness was perceived to be low this relationship would become weaker. Lastly, Sims (1991) argued about a stronger psychological contract when an organisational culture promotes and rewards ethical behaviour, while other research suggests that if the firm’s practices are incompatible with employees’ ethical values, individuals might be experiencing some stress and a form of “violation” of their psychological contract (Boatright, 2003; Sims & Keon, 2000; O'Donohue & Nelson, 2009).

Drawing on the aforementioned empirical evidence, we will investigate whether we can confirm the existence of such an association between organisational ethical culture and commitment for the specific sample under examination.

### ***Summary of Research Objectives***

On the basis of the above discussion about ethical leadership and ethical organisational culture and in particular their relationship with organisational commitment, the current study sets out the following two hypotheses, which are also presented in Figure 1:

H1: Ethical leadership behaviour is positively associated with employee commitment.

H2: There is a significant relationship between organisational ethical culture and employee organisational commitment.

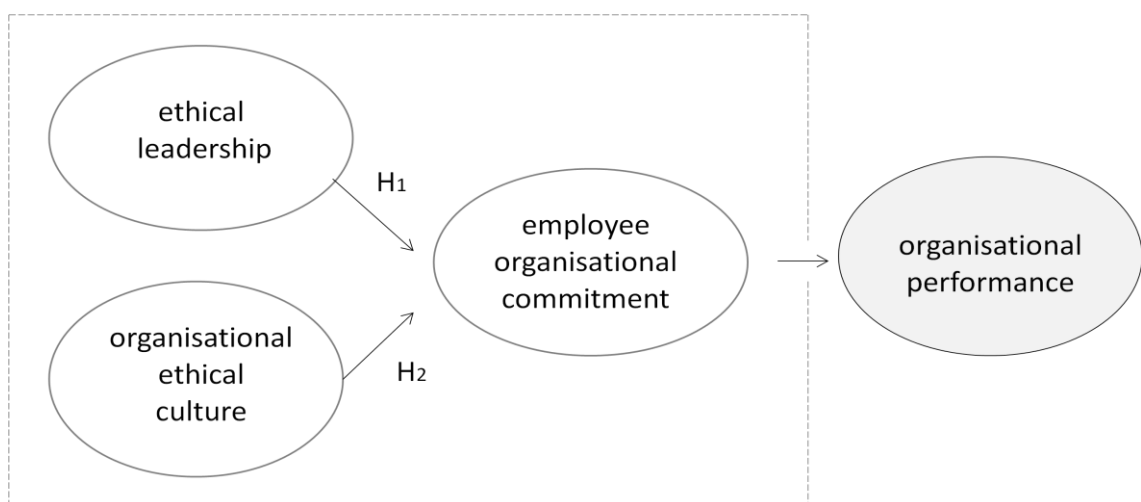


Figure 1: Graphical representation of the research objectives

Upon confirmation of the predicted relationships, the study will contribute with providing further empirical evidence against the notion that firms should prompt only for profits, ignoring any other aspect of organisational life. On the contrary, we will argue that the ethical aspect of leadership and culture in organisations may act as a “substitute” for any other employees’ motives that are absent in times of financial crisis and could therefore support organisations’ sustainability.



## **Method**

This chapter will provide a full description of the methodology used to design and carry out the current research, beginning with information about the sample and the data collection process and concluding with the measurements and the analysis tools that were employed.

### ***Sample and data collection procedure***

Primary data was used for the needs of the current study. A total number of 205 individuals were invited to fill in the online (using the Google Forms platform) 28-item questionnaire (Appendix 1). An invitation with a shared hyperlink directing to the online survey was sent to the professional and personal (Greek) network of the author using the social media networks of LinkedIn and Facebook. Additionally, people were kindly asked to share the same invitation with their own network. At the beginning of the questionnaire a short introduction informed the respondents about the scope of the study, provided some guidance as to how to carry on with answering the questions, as well as confirming that anonymity and confidentiality of the data will be kept. The construct consisted of four sections, the first three sections comprised of the three scales measuring ethical leadership, organisational ethical culture and employee organisational commitment, while the last section included questions for gathering some demographic data for our sample. Altogether, 127 survey questionnaires were completed, thus yielding a response rate of 61.95%. As some studies suggest, in populations with access to the Internet, when e-mail and Web surveys are used they may result in comparable and even increased response rates (Cook, Heath, and Thompson 2000; Couper 2000), but with substantially less cost and time involved (Kaplowitz et al., 2004).

Table 1 presents the demographic characteristics of the sample of the 127 participants. The 55.10% of the respondents were women, while the 44.90% were men (Appendix 2). Most participants belong to the age group of 30-40 with percentage reaching a 59.80%, followed by those who are in the group of 40-50's with a percentage of 30.70% out of the total research sample (Appendix 3). Regarding the job

positions that participants reported in the questionnaire, it appears that 33.90% of the total sample are employees, while 33.8% hold lower management and middle management job positions. A much smaller percentage of 15% of the total respondents represents the senior management positions (Appendix 4). Lastly, 46.5% of the respondents have reported to be working in large and multinational enterprises, 23.6% in small and medium-sized enterprises, 21.30% in the public sector and 4.7% in NGOs (Appendix 5).

Table 1 : Descriptive statistics

<b>Descriptive Statistics</b>	<b>Percentages (%)</b>
<i>Sample size</i>	127
<i>Gender</i>	
Male	44,90%
Female	55,10%
<i>Age of participants</i>	
20-30	6,30%
30-40	59,80%
40-50	30,70%
50-60	3,10%
<i>Job Position</i>	
owner/president	6,30%
upper management	8,70%
middle management	18,10%
lower management (supervisor or team leader)	15,70%
expert/specialist	17,30%
employee	33,90%
<i>Type of Organisation</i>	
a multinational corporation	15%
a large-sized private company (>250 employees)	31,50%
a medium-sized private company (<250 employees)	6,30%
a small-sized private company (<50 employees)	17,30%
the public sector	21,30%
an NGO	4,70%



## ***Measures***

The aforementioned research methodology required the design and the use of an online 28-item questionnaire in order to investigate participants' perceptions about ethical leadership, ethical culture and their level of commitment to the organisation they work for. A primary concern for constructing the survey's questionnaire was the use of reliable and valid scales that have been developed on the basis of relevant research. A second criterion for selecting those scales was their length, namely the number of items they consisted of, since research suggests that long questionnaires should be avoided (Burchell and Marsh, 1992), because they may cause a lower response rate, but also affect the quality of responses (Ganassali, 2008). Consistent with research suggesting there 5-point and 7-point scales produce the same scores (i.e. mean scores) when they are rescaled (Dawes, 2008), the final questionnaire was made up of multi-item measures that used the 5-point Likert scale continuum.

Following the literature review of the variables under examination we composed a questionnaire that combined the following constructs:

### **Ethical leadership scale**

A 10-item ethical leadership scale (ELS), developed by Brown et al. (2005) was used to measure the perceptions of respondents regarding the ethical behaviour of their organisation's leaders. The original construct also used a 5-point Likert scale, providing the participants a range of choices from 1, "strongly disagree" to 5, "strongly agree". Higher scores would indicate the existence or experience of more ethical behaviour on behalf of the participants' leaders. As per Brown et al. (2005, p.p.123) the scale was designed to "tap the full domain of ethical leadership that could apply to both formal and informal leaders (...) and to leaders at all organisational levels". Examples of the scale items are, "leadership sets an example of how to do things the right way in terms of ethics", "Leadership disciplines employees who violate ethical standards" and "Makes fair and balanced decisions" (Appendix 6). As in other studies (Demirtas, 2015; Wu et al., 2015) the reliability of the scale was examined only to provide further empirical support for its internal consistency (Cronbach's alpha: 0.94, N = 127).

### Organisational ethical culture scale

A 9-item scale measuring how respondents perceive their organisational ethical culture was also included in the questionnaire. The scale “Ethical Culture Questionnaire (ECQ)” was originally designed by Treviño et al. (1998) and later modified by Key (1999). According to the instrument’s scoring, the higher the participant would score, the more this would indicate an experience of a more ethical organisational culture. Examples of the items are, “Ethical behaviour is a norm”, “Organisational rules and procedures regarding ethical behaviour serve only to maintain our company’s public image”-item that was reverse coded-, “Management guides decision-making in an ethical direction” (Appendix 6). A 5-point Likert scale anchoring from 1, “strongly disagree” to 5, “strongly agree” is provided. The reliability of ECQ was examined and found to be 0.881 (N = 127), that is above the cut off point of 0.70 which is recommended by researchers (Nunnally, 1978; Cortina, 1993).

### Organisational commitment scale

To assess individuals’ commitment to the organisation they are working for, the 9-item “Organisational Commitment Questionnaire, OCS” of Mowday et al. (1979) was used. The scale initially consisted of 15 items, but was later on shortened by Mowday, suggesting that whenever the length of an instrument becomes an issue, the shorter scale is an acceptable substitution (Mowday et al. 1979). The construct was also rescaled from a 7-point to a 5-point Likert scale (1, “strongly disagree” to 5, “strongly agree”), only to be consistent with the rest of the instruments of the questionnaire, as was also done in the study of Ponnu and Tennakoon (2009). Higher scores indicate higher levels of individual commitment. Examples of instrument’s items are, “I find that my values and the organisation’s values are very similar”, “I am proud to tell others that I am part of this organisation”, “I am willing to put in a great deal of effort beyond that normally expected in order to help this organisation be successful” (Appendix 6). Finally, the reliability of the scale was again confirmed to be higher than the acceptable levels (Cronbach’s alpha: 0.945, N = 127), as was the case in many previous studies which have also preferred to use the specific construct (Testa, 2001; Çokluk & Yılmaz, 2010; Ponnu and Tennakoon, 2009).

### ***Data analysis***

IBM SPSS Statistics software v.21 was used to analyse the collected data and to test the three hypotheses. Preliminary data analyses were performed in order to obtain descriptive statistics on demographic profile of participants as well as their professional profile and information about the organisation they work at. Reliability analysis was carried out on all sets of variables of the construct to determine whether the questionnaire comprising of three scales, measures exactly what is supposed to be measuring. Finally, to test for the two hypotheses mentioned in previous sections, correlation analysis between variables and descriptive statistics with t-Test and  $\chi^2$  were used.



## Results

Following the methodology section, the research findings of the study are presented in this chapter. The first set of analysis included calculating mean scores, standard deviations and Cronbach's Alpha coefficient of the calculated variables, namely ethical leadership, organisational commitment and organisational ethical culture. For testing the hypotheses the present study adopted correlation analysis between variables and descriptive statistics with t-Test and  $\chi^2$ .

### *Descriptive Statistics*

Table 2 presents the number of items, means, standard deviation and Cronbach's Alpha for ethical leadership, organisational commitment and organisational ethical culture. The computed variable of ethical leadership composed of 10 items with mean = 2.98 and SD = 0.99; employee organisational commitment consisted of 9 items with mean = 3.22, and SD = 0,988 and organisational ethical culture included 9 items, with mean = 2.96 and SD = 0,826. The reliability of these three variables was over 0.7, which is the minimum acceptable value of reliability (Cortina, 1993). Cronbach's Alpha for ethical leadership was 0.94, for organisational commitment 0,943 and organisational ethical culture 0,881.

Table 2: Descriptive results of calculated variables

Variable/ Scale	No. of Items	Mean	SD	Cronbach Alpha
Ethical Leadership	10	2,98	0,99	0,94
Organisational Commitment	9	3,22	0,988	0,943
Organisational Ethical Culture	9	2,96	0,826	0,881

### ***Hypothesis Testing and t-Tests***

The correlations of the computed variables and descriptive statistics are shown in Table 3. As can thus be seen, ethical leadership is positively associated with organisational commitment, since  $R = 0.759$  and  $p < 0,01$ . Therefore the first hypothesis (H1: ethical leadership behaviour is positively associated with employee commitment) is confirmed. Additionally, ethical organisational culture seems to have a strong positive correlation with organisational commitment, since  $R = 0,746$ ,  $p < 0.01$ . Therefore the second hypothesis (H2: There is a significant relationship between ethical organisational culture and employee organisational commitment) was also supported. Lastly, the results report an expected positive relationship between the variables of ethical leadership and organisational ethical culture ( $R = 0.861$ ,  $p < 0.01$ ), nevertheless this relationship is out of this study's scope and will not be explored further.

Regarding the correlations of the above concepts with demographic data, the results are particularly important. More specifically, the age range of the sample appears to have a modest but positive correlation with ethical leadership ( $R = 0.255$ ,  $p < 0.01$ ), with the organisational commitment of employees ( $R = 0,274$ ,  $p < 0.01$ ) and with organisational culture ( $R = 0.322$ ,  $p < 0,01$ ). On this basis, we can claim that older respondents are more affected by the ethical behaviour of their leaders. They also report higher levels of organisational commitment while they are more affected by the ethical culture of the organisation they belong to. Moreover, the job position the participants hold appears to be negatively related to both ethical leadership ( $R = -0.189$ ,  $p < 0.05$ ), and organisational commitment ( $R = -0.175$ ,  $p < 0.05$ ) but also with ethical organisational culture ( $R = -0.191$ ,  $p < 0.05$ ). It seems that how individuals perceive ethical leadership and culture is not dependent on the role they have in the organisation they work for. In the same sense commitment is not dependent on any specific job role. Gender, on the other hand, seems that it is only positively associated with leadership ethics ( $p < 0,01$ ), but negatively related ( $R = -0,272$ ), suggesting that men appear to be affected less by the ethical behaviour of their leaders. Finally, a weak negative relationship is reported between ethical leadership and the type of

respondents' organisation. To be more precise, it seems that the influence of ethical leadership on participants is smaller in large and multinational companies.

Table 3: Correlation matrices between variables and descriptive statistics

	1	2	3	4	5	6	7
<b>Pearson Correlation</b>							
Ethical Leadership							
Organisational Commitment	0,759**						
Organisational Ethical Culture	0,861**	0,746**					
Age range of participants	0,255**	0,274**	0,322**				
Participants' job position	-0,189*	-0,175*	-0,191*	-0,258**			
Participants' gender	-0,272**	-0,15	-0,15	-0,262**	0,274**		
Type of Organisation	-0,194*	-0,11	-0,16	-0,02	0,01	0,13	
*p<0.05, **p<0.01							

In order to perform further checks on some of the reported correlations so as to draw some more clear conclusions about the data of the current study, we proceeded with t- Test mean comparisons. As shown in Table 4, a comparison of means was performed on organisational commitment and gender variables. The results indicated that the number of male respondents who have scored higher on organisational commitment is 57, with a mean value of 3.38 and a standard deviation of 1.074, while the number of females that have reported high organisational commitment is 70, with a mean of 3.09 and a standard deviation 0.899. Despite the fact that the mean values of both genders do not support a big difference between the two, it can be argued that while men are fewer they appear to have a higher mean on reported organisational commitment in comparison to women who are more in number. Therefore, the above analysis suggests that those who appear to have higher levels of organisational commitment are men. Finally, by examining the relationship between organisational ethical culture and gender we derived the values of  $p = 0,081 > 0,05$ , while  $t = 3,104$ , therefore we can argue that there is no statistically significant relationship between the two specific variables, namely ethical culture and gender.

Table 4: t-Test between organisational commitment and gender

Variable	<i>Men</i>			<i>Women</i>			<i>t</i>	<i>P</i>
	<i>N</i>	<i>Mean</i>	<i>S.D.</i>	<i>N</i>	<i>Mean</i>	<i>S.D.</i>		
Organisational Commitment	57	3,38	1,074	70	3,09	0,899	3,104	0,081

Table 5 presents the results of the t-Test that was carried out between organisational commitment and the participant's job position. In order for the specific analysis to be performed we proceeded with a re-coding of the variable participants' job position. The original coding of this variable was (1 = owner/president, 2 = upper management, 3 = middle management, 4 = lower management (supervisor or team leader), 5 = expert/specialist, 6=employee). The re-coding would divide the six original categories into two samples. The first sample included the first three categories which were labeled as "managerial", whereas the remaining categories were named "non-managerial".

Thus, as presented in Table 5, respondents holding managerial positions were 42, with a mean of 3.42 and a standard deviation of 1.035, while respondents classified as non-managerial were 85 with a mean of 3.13 and a standard deviation 0.995. Although there is no significant difference between the means of the two samples in this case also, we can argue that since people in non-managerial jobs outnumber the "managerial position holders" their reported mean on organisational commitment is less than the one of the managers, who are fewer arithmetically but with a larger mean value. Therefore we can claim that the level of organisational commitment is higher to participants who report to occupy a managerial job position. Nevertheless, we can see that since  $t = 0.059$  and  $p = 0,808 > 0,05$ , it is suggested that organisational commitment is not related to the type of the participants' job position.



Table 5: t-Test between organisational commitment and job position

Variable	<i>Managerial</i>			<i>Non-Managerial</i>			<i>t</i>	<i>P</i>
	<i>N</i>	<i>Mean</i>	<i>S.D.</i>	<i>N</i>	<i>Mean</i>	<i>S.D.</i>		
Organisational Commitment	42	3,42	1,035	85	3,13	0,995	0,059	0,808

Further to the above, cross tabulation analysis was performed in order to verify whether there is a relationship between employee organisational commitment and age, as well as employee organisational commitment and the type of the organisation. As shown in the above table (Table 6), we examined the potential relationship between organisational commitment and age. All age ranges were compared to the replies of the organisational commitment variable that scored above the mean of (3.22). The results  $p = 0,026 < 0,05$  (Chi-Square = 9,233,  $df = 3$ ) indicate that there is a statistically significant relationship between organisational commitment and age. More specifically, respondents belonging to the 20-30 age group, with answers on the employee organisational commitment scale below the mean, were 4, but 4 was also the sample of participants who scored above the average on the same scale. Similarly, respondents in the age range of 30-40 who scored below average, are 40, while those in the same age group and scores above average are 36. At the age group of 40-50 and 50-60 with organisational commitment scores below the mean are 10 and 3, while above-mean 29 and 1 respectively. Consequently, based on this analysis we can argue that participants who lie within the age range of 30 to 40 appear to have higher level of reported organisational commitment. The second age range with the highest reported organisational commitment seems to be the 40 to 50's group.

Table 6: Cross tabulation ( $\chi^2$ ) organisational commitment and age range of participants

<i>Age range of participants</i>	<i>Organisational Commitment</i>		<i>df</i>	<i>Chi-Square</i>	<i>P</i>
	<i>&lt;3,22</i>	<i>&gt;3,22</i>			
20-30	4	4	3	9,233	0,026
30-40	40	36			
40-50	10	29			
50-60	3	1			

A final cross tabulation analysis was performed to examine the existence of any relationship between employee organisational commitment and the type of the participant's organisation (Table 7). To control for any relationships, all the different types of organisations were compared to the employees' organisational commitment scores that were above and below average, namely 3.22. The value of  $p = 0,498 > 0.05$  and Chi-Square = 4,367 (df = 5), indicates that the organisational commitment is not highly related to the type of organisation the participant is working at. In particular, it seems that organisational commitment is influenced by the type of organisation, with respondents working at large companies reporting higher levels of organisational commitment (N=24). People working at the public sector are following with scores above the average on organisational commitment levels (N=15). However, it seems that individuals who work at multinational firms and report to be highly committed (above the average) are only 12, while those whose answers are below average are 7. Finally, no "safe" conclusions can be made for individuals working in small and medium enterprises, since participants scores on commitment are equal (N=11) for both above and below the average scores.

Table 7: Cross tabulation (x2) between organisational commitment and type of organisation

<i>Type of Organisation</i>	<i>Organisational Commitment</i>		<i>df</i>	<i>Chi-Square</i>	<i>P</i>
	<i>&lt;3,22</i>	<i>&gt;3,22</i>			
a multinational corporation	7	12	5	4,367	0,498
a large-sized private company (>250 employees)	16	24			
a medium-sized private company (<250 employees)	6	2			
a small-sized private company (<50 employees)	11	11			
the public sector	12	15			
an NGO	2	4			

## **Discussion**

In this chapter we will further discuss and interpret the study's results, in relation to the hypotheses set as well as with reference to the supporting literature.

### ***Research Findings***

In search of evidence for the impact that ethical behaviour and ethical practices have on employee outcomes, within an organisational context, this project set out to explore two hypotheses; whether i) ethical leadership and ii) organisational ethical culture are positively related with employee organisational commitment. The outcome derived from the statistical analysis suggests that both hypotheses are confirmed. That is to say that, concerning the first hypothesis, the ethical actions and morality of leaders play an important role on how committed followers feel towards the organisation they work for. These findings are in line with previous research and literature supporting the positive impact of leadership on employee organisational commitment as presented in the studies of Ponnu & Tennakoon (2009) and Herrbach et al. (2009), and discussed in the literature review chapter.

The evidence supports the influential role of leadership to organisational members. The most possible mechanism for exercising positive influence with regards to ethical decisions and behaviour is the social learning theory of Bandura (1986). Individuals can indeed learn and may be more affected by the actions and rather than the sayings of their leaders. This way they are likely to imitate these actions and act according to the acceptable standards set by their role models. This is the basis for the "leading by example" paradigm that a lot of literature and practitioners have put forward as an important feature of effectively inspiring and guiding people's behaviours. Taken from this perspective, followers tend to be more emotionally connected with the organisation these leaders are representing, therefore more aligned to the organisations objectives and goals.

With respect to the second hypothesis the results suggest that the overall culture of the organisation is an important determinant of individuals' perceived levels of organisational commitment, thus supporting earlier research conducted by

Treviño et al. (1998), Ampofo et al., (2004) and Gong et al. (2010). In other words people reporting higher levels of involvement and commitment to their organisation are those who consider their workplace culture as being more ethical. A reasonable explanation as to how this occurs is the fact that all individuals have the need to live and work in a safe and supporting environment, one that consistently provides fair opportunities, meritocracy, protects their rights and values and leaves less room for experiencing stressful situations. In that sense, the ethical element of organisational culture might be considered as the foundation of a strong workplace environment that reinforces the identification of individuals with the values and objectives of the firm.

On the other hand, an ethical culture that promotes trust, clear roles, transparency in all practices, and allows for open communication and non abusive treatment by management, sets the basis for the development of systems, such as policies, procedures and codes of ethics, which do not leave any room for individuals less inclined to ethical behaviour to engage into practices that may potentially harm the organisation. In such a workplace, employees would feel more safe and motivated to get involved with their job tasks and opt for the success of their organisation by even engaging in extra effort for the well being of their firm. As opposed to leadership, where the “leading actors” are the people that hold the top management positions, in the case of culture, all the employees and co-workers adopting the same practises and believing in the same values become potential role models of behaviours that promote employee well being and emotional attachment to the organisation. This attachment generates positive feelings that are simultaneously projected to individuals’ work, and thus their overall work related performance.

Apart from the findings discussed do far, the analysis of the demographic information collected for our study’s sample has produced some further empirical evidence. This evidence suggests that individuals who are experiencing higher levels of ethical leadership are most likely to be females that lie between the age range of 40 to 50 years old. These findings contradict the research evidence of a study conducted by Ambrose & Schminke (1999) on sex differences in business ethics. According to the researchers, employees’ personal characteristics, such as age and gender, do not affect their view of leaders’ ethical behaviour. Additionally, older

people are found to be reporting higher levels in both ethical culture and commitment, whereas men seem to be more committed than women. As for the other two parameters, that of the individuals' job role and the type of organisation they are working for, no important associations were found in relation to perceived ethical leadership, culture and commitment, rather than a weak indication that people who work in large companies tend to be more committed than others.

A possible explanation for the effect age has on individuals' reports of ethical leadership, culture and commitment might be the fact that the longer the professional experience people have the most likely it is for them to be able to consciously identify these concepts, recognise and report them on self-rating scales. As for the evidence concerning the higher levels of commitment of employees working in large companies, one could suggest that large firms often have more organised HR, Total Quality and other systems, in place, thus investing more on the well-being of their people which in turn reflects on their organisational commitment.

## **Conclusion**

In conclusion, the present study has looked at whether individuals' organisational commitment is affected by leaders' ethical behaviours and the workplace ethical culture, only to confirm that such employee outcomes are indeed influenced by these two key factors of organisational life. In this regard, the evidence found and discussed is expanding our knowledge towards the importance of ethical management and its contribution to the overall performance of organisations. What is more, the predicted relationships are evident in times of crisis, when one could assume that being ethical would not be considered an important priority and element of the workplace environment. Therefore, it is in the best interest of all stakeholders of an organisation not to overlook but rather openly acknowledge the value of ethics in promoting employee and organisational long term outcomes.

## ***Implications***

The findings of the project discussed so far, have important both theoretical and practical implications.

To begin with, the study's evidence provides a starting point for investigating the importance of ethical awareness with regards to fostering the overall and long term performance of organisations, in times of financial crisis. Further academic research on the issue will firstly offer a more in depth scientific "interpretation" of human behaviour in organisational settings, as well as analysis of the socio-environmental phenomena involved, which practitioners are usually "unable" to investigate. This will provide a better insight on the effect ethical leadership and culture have on employee outcomes, not for the sake of research and theory development, but for offering real evidence and translating theory to practice, so that relevant organisational initiatives can be designed and implemented.

To be more specific, practical implications drawn from theory can be of great interest and use to practitioners in the HR, Legal, Audit functions of firms, as these are usually more actively involved in shaping the organisational culture. Therefore, firms that have acknowledged the benefits of promoting internal ethics are more likely to engage into HR processes such as selection procedures and induction

trainings that look into the ethical dimensions of a “person-company” fit. Appraisal, rewards systems, internal communication policies, code of ethics, mentoring schemes and ethics program trainings are many of the systems that can be designed and used by managers in order to cultivate a culture of ethical behaviour.

Leadership decisions regarding the abovementioned systems, as well as consistent demonstration of ethical conduct and principles from their part, have a critical role in reinforcing internal ethics. Therefore, considerable attention should be given to the leader’s ethical development, through various training programs but also via relative coaching or mentoring initiatives. Lastly, another way of signifying the importance of internal ethical functioning across all levels of an organisation, by top management, would be the appointment of an Ethics Officer (Llopis et al. 2007). Such a role would undertake the responsibility of identifying all corporate operations that require the use of ethical management, therefore coordinating relative initiatives and actions among different organisational functions and evaluating and controlling for their effectiveness with regard to the firms strategic objectives.

### ***Limitations-Suggestions for future research***

As every research offers a valuable contribution to literature, the current study has generated some empirical evidence and their interpretation. For a cautious and accurate analysis of those, various limitations of the study should also be taken under consideration.

A primary concern derives from the fact that a self reported questionnaire was used as the only method for collecting the relevant data, restricting thus the design of the project to the use of quantitative analysis. Due to the nature of the issues under examination, meaning that ethical leadership, ethical culture and organisational commitment are quite abstract and complex notions to be described and explained, quantitative analysis and more specifically correlation analysis can be used only for detecting the existence of positive or negative relationships. In this sense, the current study is limiting itself to the report of such relationships, since a more in depth examination as to how these relationships are formed requires the employment of a qualitative approach. It is therefore suggested that future research projects of similar objectives combine both quantitative and qualitative research

methods in order to produce more “rich” evidence and analysis of the organisational phenomena in place.

Additionally, as far as methodological issues are concerned, a further limitation would refer to the scales used for the construction of the study’s questionnaire. Although all three scales employed are reliable and valid constructs used by various empirical studies, other constructs looking at more dimensions of the variables under examination were excluded due to their length and in order to deal with response rate issues, given the time constraint to complete the project. It is recommended that future research uses a more comprehensive tool for assessing the organisational ethical culture variable in particular, since this constitutes probably the most complex concept examined in this study. As such, future researchers may obtain a better insight of respondents’ perceptions if they adopt a more multifaceted approach, like the Corporate Ethical Virtues model and corresponding scale developed by Kaptein (1998).

Thirdly, another perceived limitation of the study is the fact that the non-probability or else convenience sampling method used does not allow for any generalisations of the research findings. Sample size may be also considered an issue to be dealt with more effectively within new studies. Future researchers might therefore need to use more sophisticated sampling methods in order to control for the representativeness of the sample used in terms of national or international, industry specific populations.

Lastly, a possible perceived weakness of the current research might be the attempt to make inferences about the impact of ethical leadership and culture on organisational performance, via examining their effect on organisational commitment. Thus making claims for a non-directly evident relationship that is based on research supporting the relationship of commitment and firm performance (e.g. Chun et al., 2013; Drozdenko & Deloughy, 2013). A possible future research that could investigate direct links of these variables with more objective assessments of firm performance would provide solid evidence for the suggestion that both ethical leadership and ethical culture have an impact on organisational performance.

At this point it is also recommended for future researchers to investigate the effect of ethical leadership and ethical culture on organisational outcomes by



integrating both micro and macro approach on the issue. The current project focuses entirely on the micro perspective, examining internal elements of the organisational life. A macro view at organisation/industry/national level factors, that affect ethical leadership, ethical culture and thus organisational performance, could also contribute to a more thorough understanding of the issue.

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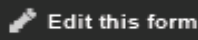
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## Appendix

### 1. Survey online questionnaire

 Edit this form

## Does ethics in leadership and organisational culture affect organisational performance?

As part of my Executive MBA course at the International Hellenic University, I am conducting a study that is looking at whether ethical leadership and ethical organisational culture has an impact on employee commitment and therefore organisational performance.

Please take 5 minutes of your time to respond to the questions below. When answering the questions, please reflect your own beliefs and feelings about how things are within your organisation or your work unit (department, team) rather than the general sense, as expressed by other people or the management of the organisation. It is important to record things as they are and not as how they could be.


Try to use the whole range of offered responses by checking either of the following choices: 1. strongly disagree, 2. disagree, 3. neutral, 4. agree, 5. strongly agree. In case you feel uncertain or indecisive you might want to record your first intuitive response. If you are answering the questionnaire having in mind a specific organisational unit instead of the entire organisation, please answer all the questions in the light of this work unit. Your participation is anonymous and confidential.

Your time and input are greatly appreciated!

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# Does ethics in leadership and organisational culture affect organisational performance?

In the organisation I am currently working at, management usually...

**Listens to what employees have to say**

1 2 3 4 5

strongly disagree ☐ ☐ ☐ ☐ ☐ strongly agree

**Makes fair and balanced decisions**

1 2 3 4 5

strongly disagree ☐ ☐ ☐ ☐ ☐ strongly agree

**Can be trusted**

1 2 3 4 5

strongly disagree ☐ ☐ ☐ ☐ ☐ strongly agree

**Discusses business ethics or values with employees**

1 2 3 4 5

strongly disagree ☐ ☐ ☐ ☐ ☐ strongly agree

**Sets an example of how to do things the right way in terms of ethics**

1 2 3 4 5

strongly disagree ☐ ☐ ☐ ☐ ☐ strongly agree

# Does ethics in leadership and organisational culture affect organisational performance?

In my organisation...

When making decisions, asks, "What is the right thing to do?"

1 2 3 4 5

strongly disagree ☐ ☐ ☐ ☐ ☐ strongly agree

Employees accept organisational rules and procedures regarding ethical behaviour

1 2 3 4 5

strongly disagree ☐ ☐ ☐ ☐ ☐ strongly agree

Management guides decision-making in an ethical direction

1 2 3 4 5

strongly disagree ☐ ☐ ☐ ☐ ☐ strongly agree

Organisational rules and procedures regarding ethical behavior serve only to maintain our company's public image

1 2 3 4 5

strongly disagree ☐ ☐ ☐ ☐ ☐ strongly agree

Defines success not just by results but also the way that they are obtained

1 2 3 4 5

strongly disagree ☐ ☐ ☐ ☐ ☐ strongly agree

Penalties for unethical behaviour are strictly enforced

1 2 3 4 5

strongly disagree ☐ ☐ ☐ ☐ ☐ strongly agree

# Does ethics in leadership and organisational culture affect organisational performance?

Concerning my role in the organisation I work for...

I am willing to put in a great deal of effort beyond that normally expected in order to help this organisation be successful

1 2 3 4 5

strongly disagree ☐ ☐ ☐ ☐ ☐ strongly agree

I talk up this organisation to my friends as a great organisation to work for

1 2 3 4 5

strongly disagree ☐ ☐ ☐ ☐ ☐ strongly agree

I would accept almost any type of job assignment in order to keep working for this organisation

1 2 3 4 5

strongly disagree ☐ ☐ ☐ ☐ ☐ strongly agree

I find that my values and the organisation's values are very similar

1 2 3 4 5

strongly disagree ☐ ☐ ☐ ☐ ☐ strongly agree

I am proud to tell others that I am part of this organisation

1 2 3 4 5

strongly disagree ☐ ☐ ☐ ☐ ☐ strongly agree

## Does ethics in leadership and organisational culture affect organisational performance?

Some extra information before you submit the questionnaire

**Your organisation is:**

- ☐ a large multinational corporation
- ☐ a large-sized private company (> 250 employees)
- ☐ a medium-sized private company (< 250 employees)
- ☐ a small-sized private company (< 50 employees)
- ☐ the public sector
- ☐ an NGO
- ☐ Other:

**Please specify your role in your organisation:**

- ☐ owner/president
- ☐ upper management
- ☐ middle management
- ☐ lower management (supervisor or team leader)
- ☐ expert/specialist
- ☐ employee
- ☐ Other:

**Your gender is:**

- ☐ female
- ☐ male

# Does ethics in leadership and organisational culture affect organisational performance?

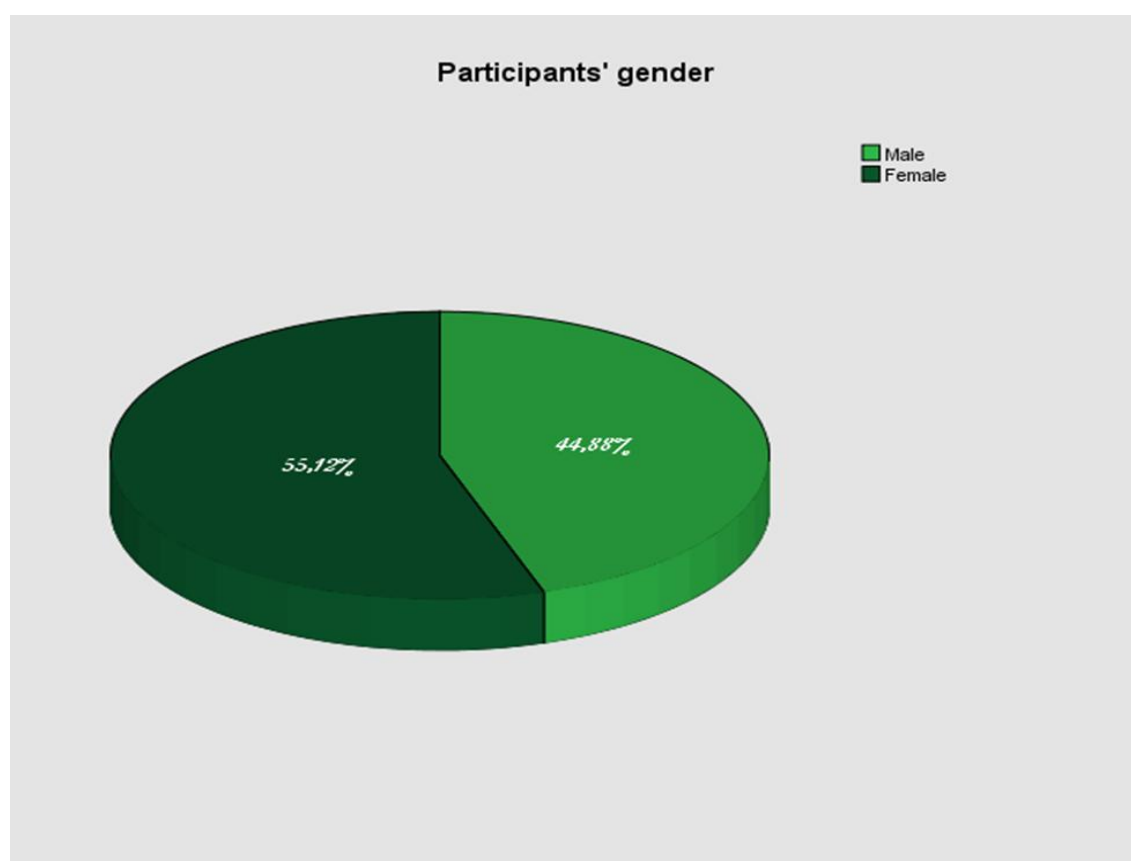
You have completed the questionnaire successfully.

Thank you very much for your participation!

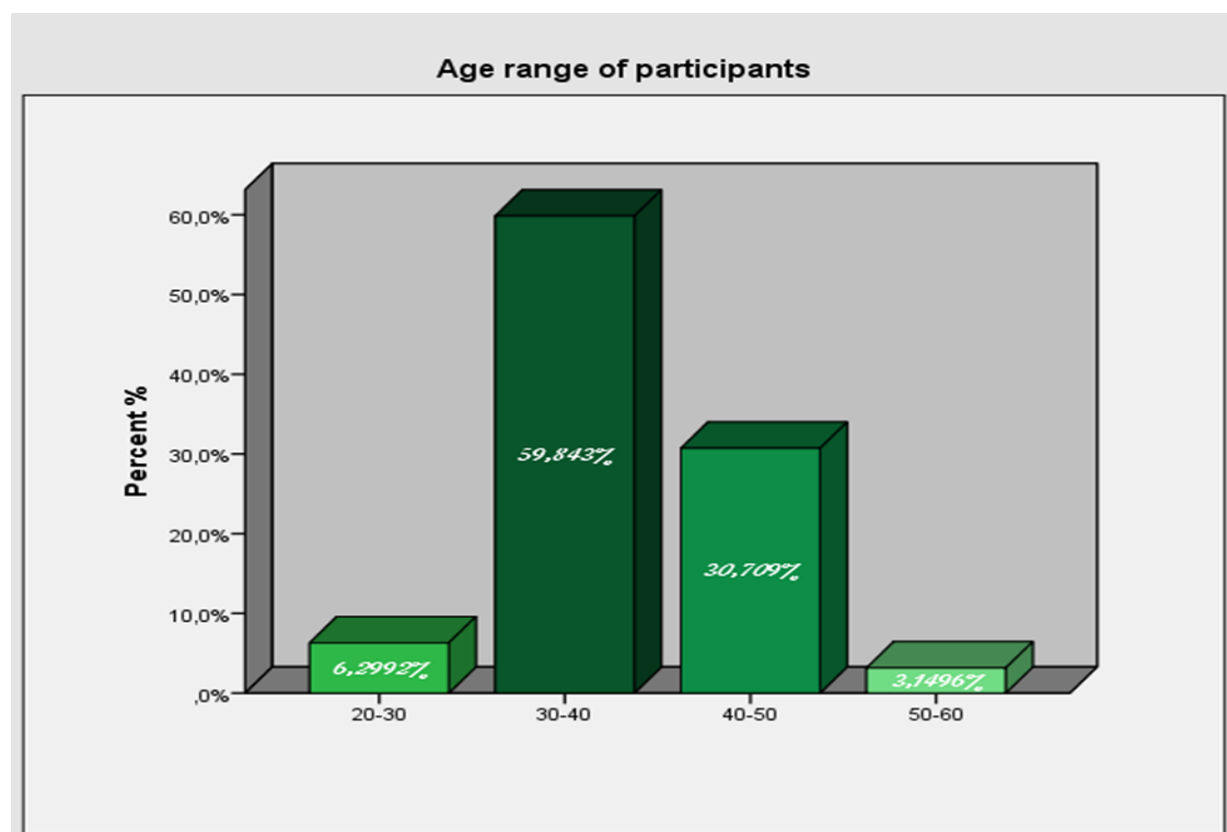
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## 2. Sample characteristics: Participants' gender

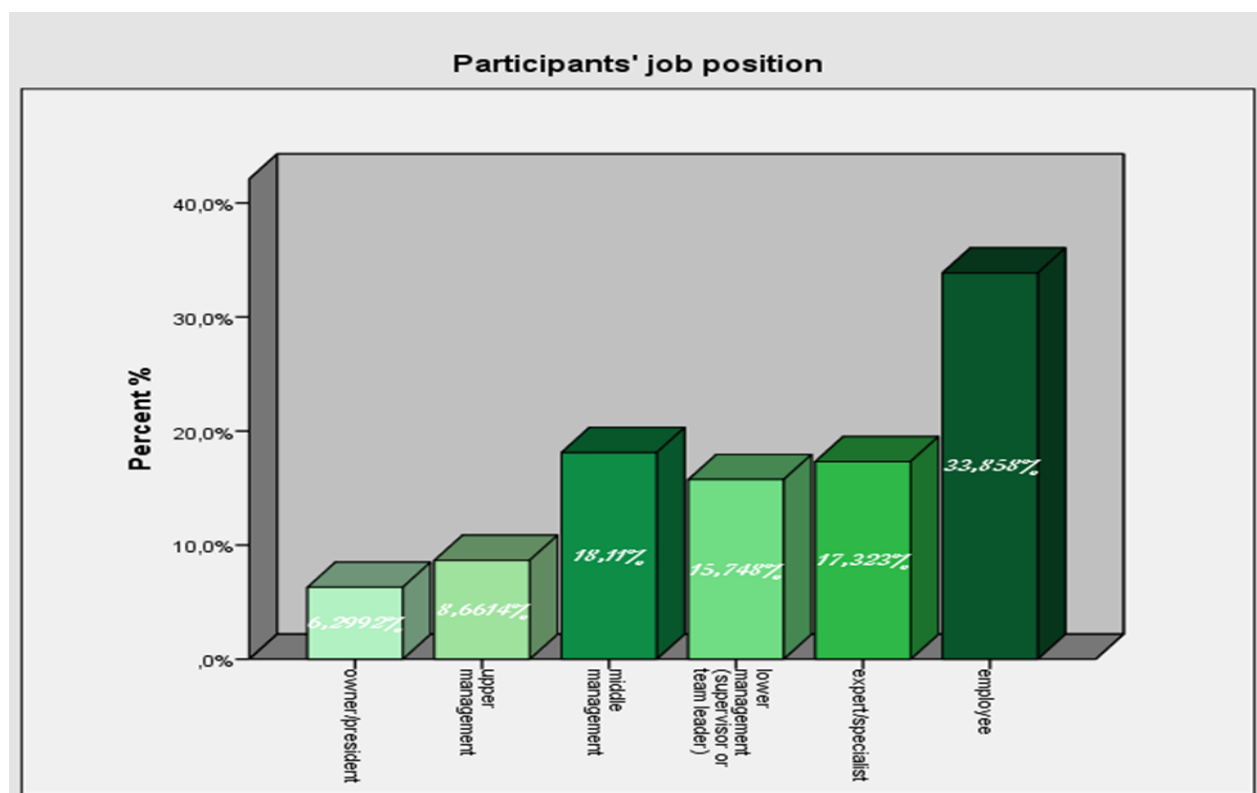


## 3. Sample characteristics Age range of participants

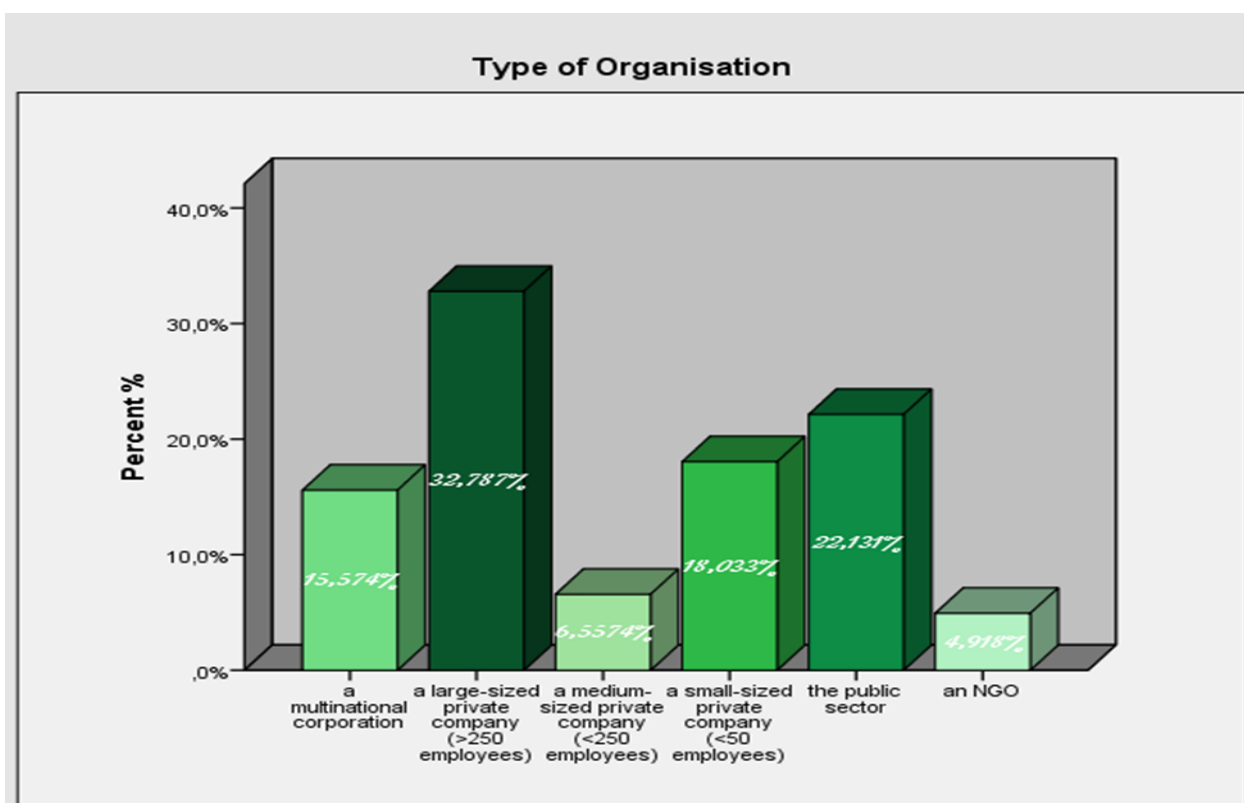




#### 4. Sample characteristics: Participants' job position



#### 5. Sample characteristics: Type of organisation



## 6. Questionnaire items and Data Coding

Item	Name	Questions	Values
A1	ELS1	Listens to what employees have to say	1=Strongly disagree to 5=Strongly agree
A2	ELS2	Has the best interest of employees in mind	1=Strongly disagree to 5=Strongly agree
A3	ELS3	Makes fair and balanced decisions	1=Strongly disagree to 5=Strongly agree
A4	ELS4	Can be trusted	1=Strongly disagree to 5=Strongly agree
A5	ELS5	Discusses business ethics or values with employees	1=Strongly disagree to 5=Strongly agree
A6	ELS6	Sets an example of how to do things the right way in terms of ethics	1=Strongly disagree to 5=Strongly agree
A7	ELS7	Disciplines employees who violate ethical standards	1=Strongly disagree to 5=Strongly agree
A8	ELS8	Conducts their personal life in an ethical manner	1=Strongly disagree to 5=Strongly agree
A9	ELS9	Defines success not just by results but also the way that they are obtained	1=Strongly disagree to 5=Strongly agree
A10	ELS10	When making decisions, asks, "What is the right thing to do?"	1=Strongly disagree to 5=Strongly agree
B1	OCS1	I am willing to put in a great deal of effort beyond that normally expected in order to help this organisation be successful	1=Strongly disagree to 5=Strongly agree
B2	OCS2	I talk up this organisation to my friends as a great organisation to work for	1=Strongly disagree to 5=Strongly agree
B3	OCS3	I would accept almost any type of job assignment in order to keep working for this organisation	1=Strongly disagree to 5=Strongly agree
B4	OCS4	I find that my values and the organisation's values are very similar	1=Strongly disagree to 5=Strongly agree
B5	OCS5	I am proud to tell others that I am part of this organisation	1=Strongly disagree to 5=Strongly agree
B6	OCS6	This organisation really inspires the very best in me in the way of job performance	1=Strongly disagree to 5=Strongly agree
B7	OCS7	I am extremely glad that I chose this organisation to work for over others I was considering at the time I joined	1=Strongly disagree to 5=Strongly agree
B8	OCS8	I really care about the fate of this organisation	1=Strongly disagree to 5=Strongly agree
B9	OCS9	For me this is the best of all possible organisations for which to work	1=Strongly disagree to 5=Strongly agree
C1	OE1	Management regularly shows that they really care about ethics	1=Strongly disagree to 5=Strongly agree
C2	OE2	Management represents high ethical standards	1=Strongly disagree to 5=Strongly agree
C3	OE3	Management guides decision-making in an ethical direction	1=Strongly disagree to 5=Strongly agree
C4	OE4	Management disciplines unethical behavior when it occurs	1=Strongly disagree to 5=Strongly agree
C5	OE5	Employees accept organisational rules and procedures regarding ethical behaviour	1=Strongly disagree to 5=Strongly agree
C6	OE6	Organisational rules and procedures regarding ethical behavior serve only to maintain our company's public image	1=Strongly disagree to 5=Strongly agree
C7	OE7	Penalties for unethical behaviour are strictly enforced	1=Strongly disagree to 5=Strongly agree
C8	OE8	Ethical behaviour is a norm	1=Strongly disagree to 5=Strongly agree
C9	OE9	Ethical behaviour is rewarded	1=Strongly disagree to 5=Strongly agree
D1	Age_range	Age range of participants	1=20-30, 2=30-40, 3=40-50, 4=50-60, 5=over 60
D2	Job_role	Participants' job position	1=owner/president, 2=upper management, 3=middle management, 4=lower management (supervisor or team leader), 5=expert/specialist, 6=employee
D3	Gender	Participants' gender	0=Male, 1=Female
D4	Organisation_type	Type of Organisation	1=a multinational corporation, 2=a large-sized private company (>250 employees), 3=a medium-sized private company (<250 employees), 4=a small-sized private company (<50 employees), 5=the public sector, 6=an NGO